



INTERACTIVE ONLINE TRAINING PROGRAM

# Campaign Operations

## Part 1: Fundraising

June 3, 2015  
1:15 – 2:45 p.m.

 FECCONNECT LIVE  
2015-16 Election Cycle

Campaign Operations, Part 1

## Objectives

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- ▣ **Review Contribution Basics**
- ▣ Evaluate Methods for Curing Excessive Contributions
- ▣ Discuss Contributions with Tricky Reporting
- ▣ Identify Ways the Candidate May Support the Campaign

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## CAMPAIGN CONTRIBUTION BASICS

### Contribution Basics

#### Per Election Limits:

**\$2,700** (indexed for inflation)

- Individuals/Persons
- Non-multicandidate committees (“non-qualified”)

**\$5,000** (not indexed)

- Multicandidate committees (“qualified”)

**\$2,000** (not indexed)

- Campaign committee to campaign committee



Campaign Operations, Part 1

#### I. Per Election Basis

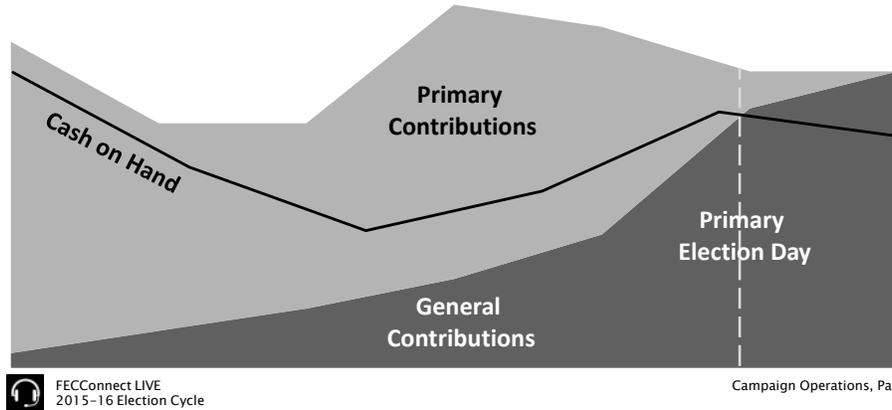
##### A. Subject to Limit (*Guide*, pp. 17-18)

1. Limits are per election, per candidate.
  - a) **\$2,700/election** (indexed for inflation) from individuals, persons, non-multicandidate committees.
  - b) **\$5,000/election** (not indexed) from multicandidate committees.
  - c) **\$2,000/election** (not indexed) from one federal candidate’s authorized committee to another federal candidate’s authorized committee.
2. The value of an in-kind contribution (usual and normal charge) counts against same contribution limit as gifts of money.

## Contribution Basics

### Accounting Method:

- ▣ During primary, cash on hand must be  $\geq$  total general election contributions received

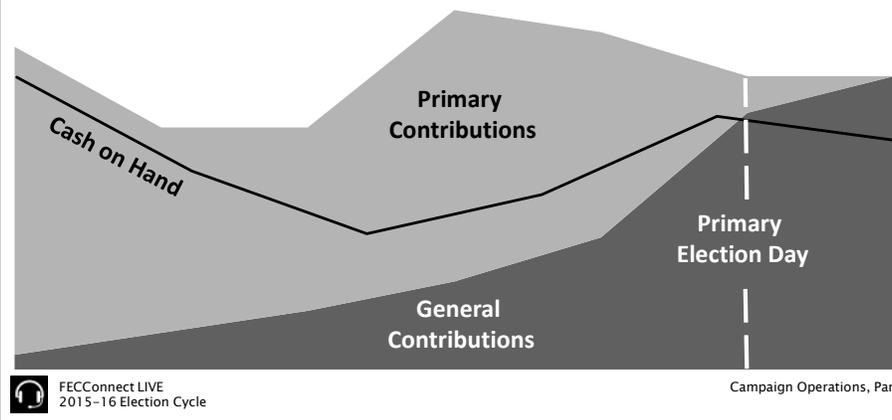


- B. Accounting Method** (*Guide*, p. 74)
1. Campaign must adopt an accounting system to distinguish between contributions made for the primary and those for the general election.
  2. During the period before the primary, the campaign's cash on hand must at least equal the amount of general election contributions received.  
11 CFR 102.9(e)(2).

## Contribution Basics

### Accounting Method:

- ▣ If candidate loses primary, campaign must refund general election contributions w/in 60 days



**C. Candidates Who Lose in the Primary or Withdraw Before the Primary**

(Guide, pp. 20-21)

1. Entitled to limit only if candidate seeks office in that election.
2. Candidate who accepts contributions for general election before primary is held and loses or withdraws from the primary must refund, redesignate or reattribute general election contributions within 60 days of the primary or public withdrawal from the primary race. 11 CFR 110.1(b)(3) and (5).
3. Similar application for convention, runoff, etc.

## Contribution Basics

### Debt Retirement Contributions

- ▣ Debt is assigned to an election
- ▣ Debt retirement contributions acceptable if:
  - Campaign has “net debts” for an election
  - Contribution designated for that election AND
  - Does not exceed per election limit

**D. Contributions to Retire Debts (Guide, pp. 27-28)**

**1. Debt Retirement Contributions**

- a) If a committee has net debts outstanding after an election is over, it may accept contributions after the election to retire debts provided that the:
  - (1) Contribution is **designated** for that election;
  - (2) Contribution does **not exceed contributor’s limit for the designated election**; and
  - (3) Campaign has **net debts outstanding** on the day it receives the contribution. 11 CFR 110.1(b)(3)(i) and (iii).
- b) For example, campaigns retiring debt for 2014 general can accept up to \$2,600 from an individual, not the current \$2,700 limit.

## Net Debts Outstanding



Receipts  
- Disbursements

Cash on Hand

Debts  
- Cash on Hand

Net Debts  
Outstanding

### 2. Calculating Net Debts Outstanding

- a) A campaign's net debts outstanding consist of unpaid debts incurred with respect to a particular election, minus cash on hand.
- b) First calculated as of the day of election.
- c) Figure is continually recalculated as additional funds are received for, or spent on, the election for which debt remains.

II. Soliciting and Receiving Contributions

# Soliciting Campaign Funds



**Vote Kramer**  
**for U.S. Congress**

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**Primary Election Day is  
April 26**

**Paid for by the Committee to Elect Cosmo Kramer**

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# Soliciting Campaign Funds



Dear Mr. Justin Pitt,

**Please contribute.**

Note that federal law requires us to ask for name, address, occupation and employer for any contributor who gives more than \$200 in the election cycle.

Best,  
*Cosmo Kramer*

**Paid for by the Committee to Elect Cosmo Kramer**

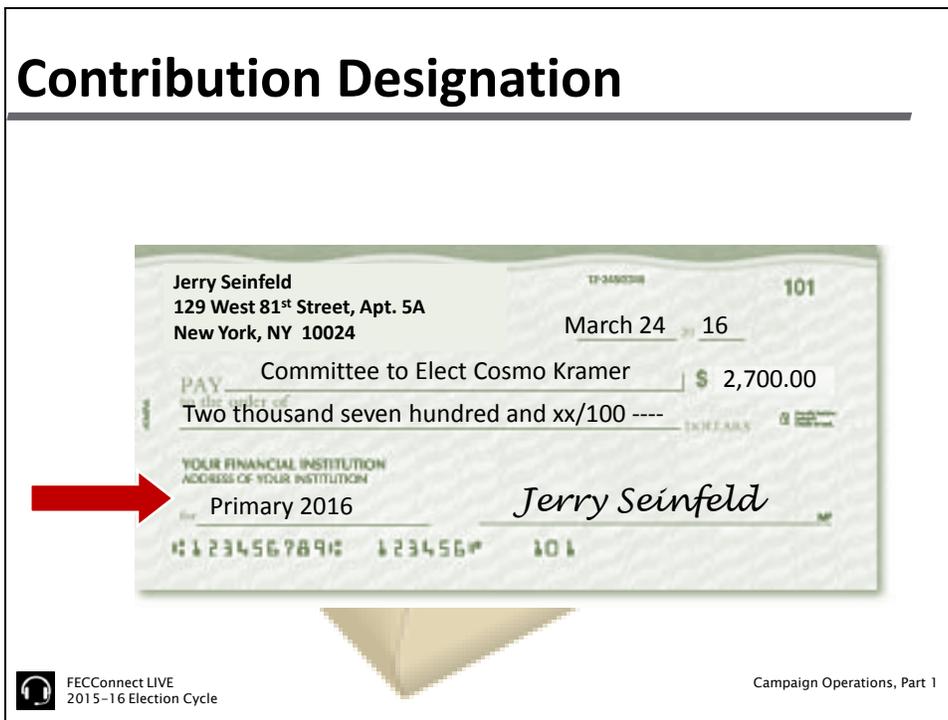
- ✓ Best Efforts
- ✓ Fundraising Notice

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- A. **Solicitations and Fundraising Notices** (*Guide*, pp. 63-67)
1. **Authorization Notice**
    - a) When the campaign solicits contributions through public communications, or on a campaign website, it must include a clear and conspicuous notice on the solicitation stating that it was paid for by the campaign.
    - b) *“Paid for by the Committee to Elect Cosmo Kramer”*
  2. **Best Efforts**
    - a) When making solicitations, campaigns and their treasurers must make “best efforts” to obtain, maintain and the report name, address, occupation and employer for each contributor who gives more than \$200 in an election cycle.
    - b) Initial solicitation must specifically request that information and inform contributors that the campaign is required by law to use its best effort to collect and report it.
    - c) If a contributor does not provide sufficient reporting information, the campaign must make one follow up within 30 days of receipt.

## Contribution Designation



- B. **How Contributions Work** (*Guide*, pp. 22-23)
1. **Designated and Undesignated Contributions**
    - a) **Designated contributions** count against the donor’s contribution limits for the election that is named. Donors may designate contributions by indicating in writing on the check or in a signed statement accompanying the contribution.

- b) **Undesignated contributions** count against the donor's contribution for the candidate's next scheduled election, based upon "date made." (see below)

## Date Made v. Date of Receipt

Jerry Seinfeld  
129 West 81<sup>st</sup> Street, Apt. 5A  
New York, NY 10024



April 26  
2016



Committee to Elect Cosmo Kramer  
129 West 81<sup>st</sup> Street, Apt. 5B  
New York, NY 10024

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## 2. **Date Made v. Date of Receipt** (*Guide*, pp. 22-23)

### a) **Date Made**

- (1) The date the contribution is made determines which election limit it counts against. Undesignated contributions made on or before the date of the election count against the donor's limit for that election, even if the date of receipt is after the election day.
- (2) The date the contribution is made is the date the contributor relinquishes control over it.
  - (a) **Hand delivery:** date the contribution is delivered by the contributor to the campaign.
  - (b) **Mail:** date of the postmark. If campaign wishes to rely on the postmark as evidence of date made, it must retain the envelope or a copy of it.
  - (c) **In-kind:** date the goods or services are provided by the contributor.
  - (d) **Internet:** date the contributor electronically confirms making the transaction.

- b) **Date of Receipt**
  - (1) The date the campaign (or person acting on the campaign's behalf) actually receives the contribution. This is the date used for reporting purposes.
  - (2) **Special situations:**
    - (a) **Credit card:** date of receipt is the date on which the committee receives the contributor's signed authorization to charge the contribution. Treasurer should retain a copy of authorization form for committee's records.
    - (b) **In-kind:** date the goods/services are provided to the committee, even if the contributor pays the bill for goods/services after they are provided to the campaign.
- c) **Date of Deposit**

All contributions must be deposited within 10 days of receipt; this date is **not** used for reporting or contribution limit purposes.

## Objectives – Part 1

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- ▣ Review Contribution Basics
- ▣ **Evaluate Methods for Curing Excessive Contributions**
- ▣ Discuss Contributions with Tricky Reporting
- ▣ Identify Ways the Candidate May Support the Campaign

## CURING EXCESSIVE CONTRIBUTIONS

### I. Methods for Curing Excessive Contributions

### Curing Excessive Contributions

Morty Seinfeld  
Helen Seinfeld  
Phase 2 – Pines of Mar Gables  
Del Boca Vista, FL 33433

101

March 24 16

PAY to the order of  
Committee to Elect Cosmo Kramer  
Five thousand four hundred and xx/100 -----

\$ 5,400.00

2x Contribution Limit

YOUR FINANCIAL INSTITUTION  
ACCOUNT OF YOUR INSTITUTION

UNDESIGNATED

Helen Seinfeld

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### Curing Excessive Contributions

#### Options: The Three R's

<b>Refund</b> <ul style="list-style-type: none"><li>To donor</li></ul> <b>1</b>	<b>Redesignate</b> <ul style="list-style-type: none"><li>To another election</li></ul> <b>2</b>	<b>Reattribute</b> <ul style="list-style-type: none"><li>To another donor</li></ul> <b>3</b>
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#### A. Refund

## Presumptive Redesignation



1. Designate \$2,700 to Primary
2. Redesignate \$2,700 to General
3. Notify Helen, offering option of refund

\* Ensure that donor does not exceed contribution limit

### B. **Redesignate** – (11 CFR 110.1(b)(5)(ii)(B)(1)-(4)); (*Guide*, pp. 24-27)

#### 1. **Presumptive Redesignation**

If individual or non-multicandidate committee makes an excessive primary contribution, campaign may presumptively redesignate excessive portion to general election if contribution:

- a) Is made before candidate's primary election;
- b) Is not designated in writing for a particular election;
- c) Would be excessive if treated as a primary election contribution; and
- d) As redesignated, does not cause the contributor to exceed any other contribution limit.

2. **Backward-looking provision:** An undesignated contribution made after primary, but before general, may be applied to primary debt if campaign's net debts are greater than the amount redesignated.

#### 3. **Notification Requirement**

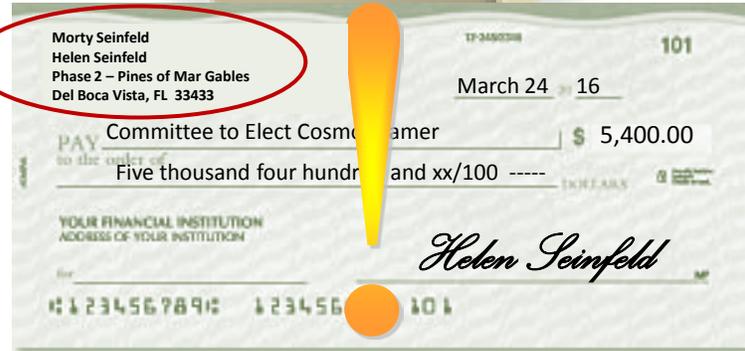
Committee must notify contributor of redesignation by paper mail, e-mail, fax or other written method within 60 days of treasurer's receipt of contribution; must notify contributor of right to receive refund instead.

#### 4. **Electronic Contributor Redesignations**

The Commission has recently acknowledged that, in certain circumstances, an online process can provide a sufficient level of assurance as to the contributor's identity and intent such that it satisfies the written signature requirements. See Interpretive Rule Regarding Electronic Contributor Redesignations, 76 FR 16233 (March 23, 2011). Available on FEC website at:

[http://www.fec.gov/law/cfr/ej\\_compilation/2011/notice\\_2011-02.pdf](http://www.fec.gov/law/cfr/ej_compilation/2011/notice_2011-02.pdf)

## Curing Excessive Contributions



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- C. **Reattribute** – (11 CFR 110.1(k)(3)(ii)(B)(1)); (*Guide*, pp. 25-26)
1. **Attribution of Contributions by Contributors**
    - a) Individual contributions attributed to person(s) who sign check.
    - b) Joint account – both must sign check or accompanying statement.

## Presumptive Reattribution



1. Attribute \$2,700 to Helen
2. Reattribute excessive \$2,700 to Morty
3. Notify both; offering option of a refund

\* Ensure that neither donor exceeds contribution limit



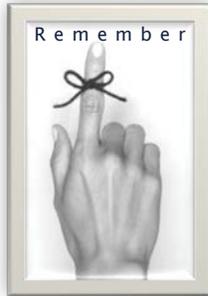
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2. **Presumptive Reattribution**  
If individual contribution exceeds limit and is made on joint account, but has only one signature:
  - a) Attribute permissible amount to the signer; and
  - b) Presumptively reattribute excessive amount to other account holder, without obtaining his/her signature.
3. Reattribution may not cause contributors to exceed any contribution limits.
4. Committee must notify contributor of reattribution by paper mail, e-mail, fax or other written method within 60 days of treasurer's receipt of contribution; must notify contributor of right to receive refund instead.

## Avoid Excessive Contributions

- ☐ Encourage donors to designate contributions
- ☐ Obtain signatures for joint contributions
- ☐ Presumptive redesignation **NOT** available for multicandidate committee contributions



- ☐ Designation required if:
  - Contributing to a future election (i.e., not next election)
  - Contributing to retire debt from a past election



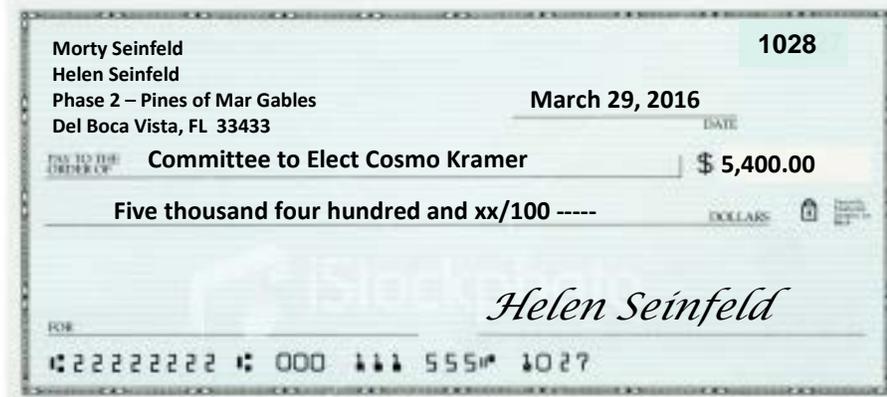
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- D. Avoiding Excessive Contributions**
1. **Campaigns** – Ask contributors to designate contributions for a particular election.
  2. **Designate** all contributions your committee makes to federal candidates.
  3. **Ask joint contributors** to make sure both sign check or accompanying statement.
  4. **Presumptive redesignation NOT available for excessive multicandidate committee contributions** (only individuals and non-multicandidate committees). Redesignation would need to be done the “old” way:
    - a) Campaign asks contributor to provide a written, signed statement redesignating contribution for another election. The request must also state that the contributor may instead receive a refund of the excessive amount.
    - b) Contribution is properly redesignated if, within 60 days of receipt, the campaign receives a written, signed statement redesignating the excessive portion to another election.
    - c) If the signed authorization is not received within 60 days, the campaign must refund the excessive portion.
  5. **Designation of Campaign Contributions by Contributor**
    - a) If contributor intends contribution to count toward a future election, beyond the upcoming election.
    - b) If contributor wants contribution to retire candidate’s debt of a past election. Note: This is permissible only if:
      - (1) Candidate has net debt outstanding from that election; and
      - (2) Contribution, when aggregated with previous contributions to same candidate for same election, does not exceed limit.

**SCENARIO #1:      *Redesignation/Reattribution of Excessive Contributions***  
**(Guide, pp. 92-94)**

*Congressman Cosmo Kramer is running for re-election in 2016. While visiting his son in New York City, Morty Seinfeld attended the Congressman's St. Patrick's Day fundraiser at Monk's Café. At the event, he made a \$500 contribution, designated for the primary (see check below). When Morty returned home to Florida, he talked to his wife, Helen, about doing more to get their friend Kramer re-elected to Congress. In response, she mailed the campaign a check for \$5,400 (see check below), which the campaign received on April 3, 2016.*



1. How should the committee disclose the \$500 contribution from Morty Seinfeld?
2. Can we accept Helen's contribution check as written? If not, what must the campaign do to remedy the situation?
3. How should the committee disclose the transaction(s) that remedy the excessive contribution?

## Reporting Receipts

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### How to Itemize Receipts

Always Itemize:

- ✓ Contributions from party committees and organizations
- ✓ Contributions from other political committees
- ✓ Transfers
- ✓ Loans

Itemize all other receipts when:

- ✓ Aggregate > \$200 from one source in an election cycle



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Receipt transactions should include the following itemization information for contribution source:

- Name and mailing address;
- Occupation and employer (individuals only);
- FEC ID number (political committees only);
- Election to which contribution/loan was designated;
- Date of receipt;
- Amount of receipt; and
- Aggregate election-cycle-to-date total for all receipts from same source.

**SCENARIO #1 – ANSWERS:**

- How should the committee disclose the \$500 contribution from Morty Seinfeld?**  
Contributions from individuals are reported on Schedule A for Line 11(a)(i).

## Part 1 of 2: Report Receipt from Individual (April Q)

### Form 3: Schedule A, Line 11(a)(i)

<b>SCHEDULE A (FEC Form 3)</b>		Use separate schedule(s) for each category of the Detailed Summary Page		LINE NUMBER: (check only one) <input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 112 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15	
ITEMIZED RECEIPTS Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>					
Full Name (Last, First, Middle Initial) <b>A. Morty Seinfeld</b>			Date of Receipt 03 / 17 / 2016		
Mailing Address <b>Phase 2 – Pines of Mar Gables</b>			Amount of Each Receipt this Period <b>500.00</b>		
City <b>Del Boca Vista</b>		State <b>FL</b>		Zip Code <b>33433</b>	
FEC ID number of contributing federal political committee. <b>C</b>			Name of Employer <b>Self</b>		
Occupation <b>Retired</b>			Election Cycle-to-Date <b>500.00</b>		
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)					

- Can we accept Helen’s contribution check as written? If not, what must the campaign do to remedy the situation?**  
No. Potentially, these could be joint contributions. However, since only Helen signed the \$5,400 check, Helen has made an excessive contribution for the primary. To remedy this, the campaign can reattribute and/or redesignate the excessive portion of her contribution.
- How should the committee disclose the transaction(s) that remedy the excessive contribution?**

**Reattribution:**

Since Helen’s contribution is drawn on a joint account, the campaign has the option of reattributing the excessive portion to the joint account holder, Morty Seinfeld. The campaign may presumptively reattribute the excessive portion (\$2,700) to Morty for the primary election as long as it would not cause him to exceed his limits.

**Report receipt:** show reporting on Schedule A for Line 11(a)(i). Two separate entries:  
 a. Show check as written: \$5,400 contribution from Helen Seinfeld for primary; and  
 b. Subtract excessive amount of contribution: -\$2,700 removed from Helen Seinfeld’s primary contribution.

For both entries, include cross-reference notations: “retribution and redesignation below.”

In our scenario, Morty Seinfeld made a \$500 contribution before the above check was written, so that attributing the full \$2,700 to him for the primary would cause him to exceed his limit for that election by \$500. Therefore, only \$2,200 may be reattributed to Morty.

**Report reattribution:** show reporting on Schedule A for Line 11(a)(i). Show full \$5,400 as primary contribution from Helen Seinfeld. Change attribution of excessive portion to Morty Seinfeld as MEMO entry and include notation in Amount of Each Receipt this Period box indicating, “retribution.”

**SCHEDULE A (FEC Form 3)**  
**ITEMIZED RECEIPTS**

FOR LINE NUMBER: (check only one)  
 11a  11b  11c  11d

NAME OF COMMITTEE (In Full)  
**Committee to Elect Cosmo Kramer**

**A. Helen Seinfeld**  
 Mailing Address: Phase 2 – Pines of Mar Gables, Del Boca Vista, FL 33433  
 Date of Receipt: 04/03/2016  
 Amount of Each Receipt this Period: 5,400.00  
 Name of Employer: Self, Occupation: Homemaker  
 Receipt For:  Primary,  General  
 Election Cycle-to-Date: 5,400.00

**B. Helen Seinfeld**  
 Mailing Address: Phase 2 – Pines of Mar Gables, Del Boca Vista, FL 33433  
 Date of Receipt: 04/03/2016  
 Amount of Each Receipt this Period: -2,700.00  
 Name of Employer: Self, Occupation: Homemaker  
 Receipt For:  Primary,  General  
 Election Cycle-to-Date: 2,700.00  
 MEMO Reattribution and Redesignation below

**Morty Seinfeld**  
 Mailing Address: Phase 2 – Pines of Mar Gables, Del Boca Vista, FL 33433  
 Date of Receipt: 04/03/2016  
 Amount of Each Receipt this Period: 2,200.00  
 Name of Employer: Self, Occupation: Retired  
 Receipt For:  Primary,  General  
 Election Cycle-to-Date: 2,700.00  
 MEMO Reattribution

**Part 2 of 2: Report Reattribution & Redesignation (July Q Report)**

**Form 3: Schedule A, Line 11(a)(i)**

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With the remaining \$500, the campaign can presumptively redesignate the excessive \$500 to the general election as a remedy.

**Redesignation:**

Campaign committees may also remedy an excessive contribution by applying the excessive portion to a future election. The campaign may presumptively redesignate the excessive portion to the general election as long as the contribution:

- Is made before the candidate’s primary election;
- Is not designated;
- Would be excessive if treated as a primary election contribution; and
- As redesignated, does not cause the donor to exceed any other limits.

Helen Seinfeld has not yet made any general election contributions; therefore, the campaign may presumptively redesignate either the full \$2,700 excessive portion of primary contribution to the general, or the \$500 that remains after the reattribution to Morty. To maximize the availability of funds for the primary, the campaign chooses the latter.

**Report redesignation:** show reporting on Schedule A for Line 11(a)(i) as a \$500 contribution from Helen Seinfeld. Change designation to general as a MEMO entry and include notation in Amount of Each Receipt this Period box indicating, “redesignation.”

**SCHEDULE A (FEC Form 3)**  
ITEMIZED RECEIPTS

FOR LINE NUMBER: PAGE OF  
X 11a 11b 11c 11d  
12 13a 13b 14 15

NAME OF COMMITTEE (In Full)  
**Committee to Elect Cosmo Kramer**

Full Name (Last, First, Middle Initial)  
**Helen Seinfeld**

A. Mailing Address  
**Phase 2 – Pines of Mar Gables**  
City: **Del Boca Vista** State: **FL** Zip Code: **33433**

Date of Receipt  
**04 / 03 / 2016**

Amount of Each Receipt this Period  
**5,400.00**

See reattribution and redesignation below

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Full Name (Last, First, Middle Initial)  
**Helen Seinfeld**

A. Mailing Address  
**Phase 2 – Pines of Mar Gables**  
City: **Del Boca Vista** State: **FL** Zip Code: **33433**

Date of Receipt  
**04 / 03 / 2016**

Amount of Each Receipt this Period  
**500.00**

MEMO  
Redesignation

Receipt For:  
 Primary  General  
 Other (specify)

Election Cycle-to-Date  
**3,200.00**

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Receipt For:  
 Primary  General  
 Other (specify)

Election Cycle-to-Date  
**2,700.00**

MEMO  
Reattribution

**Part 2 of 2:  
Report  
Reattribution &  
Redesignation  
(July Q Report)**

**Form 3:  
Schedule A,  
Line 11(a)(i)**

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**Key issues:**

- A presumptive reattribution is allowed even if only one signature is on the check. Ensure that the reattribution won't cause donors to exceed the per election limits.
- A presumptive redesignation for the primary to the general election is allowed if the contribution is not designated for a particular election. For example, if Helen had written "primary" on the memo line of her check, a presumptive redesignation would not be allowed. The redesignation would need to be done the "old" way – with written authorization from contributor within 60 days of receipt BEFORE the redesignation could occur.
- Remember, written notification to contributor(s) must be done within 60 days of receipt for presumptive reattributions and redesignations. The notification must also offer the contributor the option to receive a refund instead.

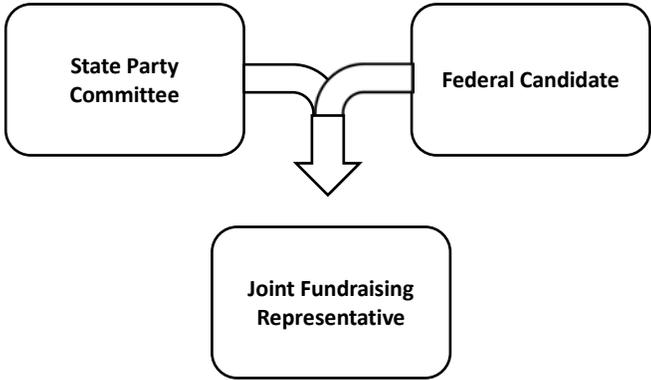
**CONTRIBUTIONS WITH TRICKY REPORTING**

**Objectives – Part 1**

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- ▣ Review Contribution Basics
- ▣ Evaluate Methods for Curing Excessive Contributions
- ▣ **Discuss Contributions with Tricky Reporting**
- ▣ Identify Ways the Candidate May Support the Campaign

# Joint Fundraising



# Contributions from Joint Fundraising



## Joint Fundraising

### Procedures:

- ▣ Establish Joint Fundraising Representative (JFR)
  - Participants designate JFR as an authorized committee on Form 1
  - Collects/deposits joint fundraising contributions in separate account
  - Pays expenses and transfers proceeds to participants
- ▣ Create Written Agreement
  - Outlines formula for allocating proceeds and expenses



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**I. Joint Fundraising** – (11 CFR 102.17); (*Guide*, Appendix C, pp. 137-144)  
Election-related fundraising conducted by a campaign committee and one or more other political committees or unregistered organizations.

**A. Joint Fundraising Representative**

1. All participants must either create a new committee (recommended) or select one of the participating federal political committees to act as joint fundraising representative (JFR).
2. New committee established as JFR must register with the FEC and must include the name of each participating federal candidate in the new committee's name.
3. Participants amend FEC Form 1 to designate JFR as an authorized committee.
4. Responsible for collecting and depositing joint contributions, paying expenses and allocating net proceeds to all participants.
5. Must keep records and report overall joint fundraising activity.

**B. Screening Contributions**

1. JFR and participants must screen contributions to make sure they are neither prohibited nor in excess of contribution limits.
2. Maximum limit = total amount he/she may contribute to all participants, without exceeding any limits.

**C. Joint Fundraising Agreement**

Participants agree to formula to allocate proceeds and expenses and sign a written agreement.

**SCENARIO #2: Joint Fundraising Transfers (Guide, Appendix C, pp. 137-144)**

*Representative Cosmo Kramer and Senator Frank Costanza decide to hold an event on April 4, 2016 in Candidate Kramer’s district as a final push for their primary campaigns. They plan to divide the expenses and proceeds equally and have designated the “Kramer/Costanza Victory Fund” as their joint fundraising representative.*

*At the event, Kramer/Costanza Victory Fund collects a total of \$5,400. The only contributions came from Matt Wilhelm and David Puddy. Each made a \$2,700 contribution at the event. Since the proceeds were split evenly (50%) between Representative Kramer and Senator Costanza, Mr. Wilhelm and Mr. Puddy each made a \$1,350 contribution to Representative Kramer and a \$1,350 contribution to Senator Costanza.*

*Kramer/Costanza Victory Fund incurred \$1,000 in expenses to put on the April 4<sup>th</sup> event. As a result, the Committee to Elect Cosmo Kramer received a check from the Kramer/Costanza Victory Fund on April 6, 2016, in the amount of \$2,200, comprising the committee’s 50% allocation of net proceeds.*



- 1. How should the Committee to Elect Cosmo Kramer disclose the transfer in from Kramer/Costanza Victory Fund?**
- 2. Is any additional disclosure necessary?**

**SCENARIO #2 – ANSWERS:**

**1. How should Committee to Elect Cosmo Kramer disclose the transfer in from Kramer/Costanza Victory Fund?**

The funds are coming from Kramer/Costanza Victory Fund, which has been authorized to raise money for the candidate. Therefore, the receipt is reported on the Form 3 line for transfers of funds from an authorized committee (Line 12) – not on the line for contributions from individuals (Line 11(a)). The campaign committee should itemize its net proceeds (the campaign’s share of the gross contributions, minus its share of expenses) as a receipt from Kramer/Costanza Victory Fund.

**2. Is any additional disclosure necessary?**

Yes. The committee must list the individual contributions contained in the transfer-in from the JFR that meet the itemization threshold using MEMO entries on Schedule A. The MEMO entries should be linked to the transfer (for electronic filers) or appear directly underneath the main transfer entry. This will make it clear which individual contributions made up each transfer in cases where the committee reports multiple JFR transfers. (If unable to link or list individual contributions underneath the main transfer entry, specify the JFR transfer date next to each individual contribution as MEMO text).

**Report receipt of transfer from Joint Fundraising Representative (JFR):** show reporting on Schedule A for Line 12. The Date of Receipt is the date the campaign receives the net proceeds from the JFR.

**Report individual contributors:** show reporting on Schedule A for Line 12 using MEMO entries. The Date of Receipt is the date the JFR received the contribution from the individual; the Amount of Each Receipt this Period is the campaign’s full share of contribution (before expenses); also include the notation in the Receipt This Period box indicating, “Kramer/Costanza Victory Fund – Joint Fundraiser.”

*See Reporting Example on Next Page*

## Report Receipts as Transfer-In (July Q)

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FORM LINE NUMBER: (check only one)	PAGE OF:
			<input checked="" type="checkbox"/> 12	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>				
Full Name (Last, First, Middle Initial) <b>Kramer/Costanza Victory Fund</b>				
A. Mailing Address <b>48 West 77<sup>th</sup> Street</b>			Date of Receipt <b>04 06 2016</b>	
City <b>New York</b> State <b>NY</b> Zip Code <b>10024</b>			Amount of Each Receipt this Period <b>2,200.00</b>	
FEC ID number of contributing federal political committee. <b>C 00558741</b>			Name of Employer <b>Joint Fundraising Committee</b>	
Name of Employer <b>Joint Fundraising Committee</b>			Occupation <b>Joint Fundraising Committee</b>	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify)			Election Cycle-to-Date <b>2,200.00</b>	
Full Name (Last, First, Middle Initial) <b>Matt Wilhelm</b>				
B. Mailing Address <b>340 Amsterdam Avenue</b>			Date of Receipt <b>04 04 2016</b>	
City <b>New York</b> State <b>NY</b> Zip Code <b>10024</b>			Amount of Each Receipt this Period <b>1,350.00</b>	
FEC ID number of contributing federal political committee. <b>C</b>			Name of Employer <b>MEMO Kramer/Costanza Victory Fund - Joint Fundraiser</b>	
Name of Employer <b>New York Mets</b>			Occupation <b>Head Scout</b>	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify)			Election Cycle-to-Date <b>1,350.00</b>	
Full Name (Last, First, Middle Initial) <b>David Puddy</b>				
C. Mailing Address <b>375 West End Avenue</b>			Date of Receipt <b>04 04 2016</b>	
City <b>New York</b> State <b>NY</b> Zip Code <b>10024</b>			Amount of Each Receipt this Period <b>1,350.00</b>	
FEC ID number of contributing federal political committee. <b>C</b>			Name of Employer <b>MEMO Kramer/Costanza Victory Fund - Joint Fundraiser</b>	
Name of Employer <b>West End Auto Body</b>			Occupation <b>Mechanic</b>	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify)			Election Cycle-to-Date <b>1,350.00</b>	

### Form 3: Schedule A, Line 12

- Report transfer received from JFR
- Memo entries for individual donors

Campaign Operations, Part 1

#### Key issues:

- The date of receipt may be different for the JFR and the contributors.
- Report the transaction using Line 12 (Transfers from Other Authorized Committee), not Line 11(a)(i).
- Use MEMO entries to break out contributor itemization.
  - Report gross amount of contribution(s) and include a notation referring back to JFR.
  - Itemize contributions from the original donors making up its share of the gross receipts as MEMO entries on Schedule A (only contributions aggregating over \$200 for the election cycle for the contributor require itemization).
  - Please note that in most cases, the net amount of the transfer in to a participating campaign committee will be less than the sum of the MEMO entries supporting the transfer.
- The JFR pays expenses out of the total funds raised, and then gives participating committees their allocated share of the leftover money.
- Remember, when designating a separate JFR, participating campaign(s) must amend their FEC Forms 1 & 2 to add the JFR as an authorized committee.

## Contribution from Partnerships/LLCs



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2015-16 Election Cycle

Campaign Operations, Part 1

## Contribution from Partnerships/LLCs

- ❑ Partnerships/Non-corporate LLCs may contribute  $\leq$  \$2,700 per election
- ❑ Dual Attribution
  - Counts as contribution from partnership and from non-corporate members
  - Allocation based on ownership stake or other agreement among partners

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2015-16 Election Cycle

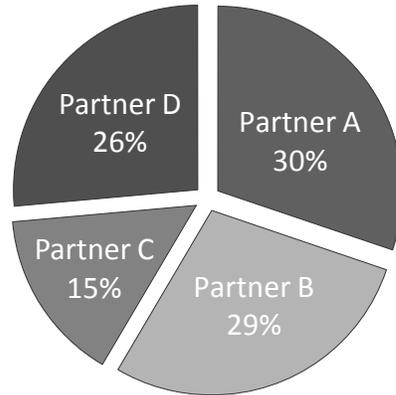
Campaign Operations, Part 1

## II. Partnership and Limited Liability Company (LLC) Contributions – (11 CFR 110.1(e) and (g)); (*Guide*, Appendix B, pp.133-135)

- A. **Limit: \$2,700/election** (indexed for inflation).

## Contribution from Partnerships/LLCs

### Example: Dual Attribution



Partner A	\$825
Partner B	\$775
Partner C	\$400
Partner D	\$700
<hr/>	
Partnership	\$2,700

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2015-16 Election Cycle

Campaign Operations, Part 1

### B. Dually Attributed

1. Contributions are attributed both to the partnership (or LLC) and also to individual partners based on their share of the profits/losses.
2. Partnerships and LLCs must provide campaign with written statement indicating attribution to partners.
3. Cannot attribute to any corporate partners.

### C. Types of LLCs

1. **LLC Treated as Partnership** - treated as partnership for tax purposes, partnership rules above apply.
2. **LLC Treated as Corporation** - If treated as corporation for tax purposes, corporate prohibition on contributions applies.

# Form 3: Schedule A, Line 11(a)(i)

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		LINE NUMBER: (check only one)	PAGE OF
Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/> 11a	11b 11c 11d 14 15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (in Full) <b>Committee to Elect Cosmo Kramer</b>			
Full Name (Last, First, Middle Initial) <b>J. Peterman Catalog, LLP</b>		Date of Receipt 04 01 2016	
Mailing Address 229 West 81 <sup>st</sup> Street New York NY 10024		Amount of Each Receipt this Period 2,700.00	
FEC ID number of contributing federal political committee C		See partnership attribution below	
Name of Employer Occupation		Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	
Election Cycle-to-Date 2,700.00			
Full Name (Last, First, Middle Initial) <b>John Peterman</b>		Date of Receipt 04 01 2016	
Mailing Address 229 West 81 <sup>st</sup> Street New York NY 10024		Amount of Each Receipt this Period 1,350.00	
FEC ID number of contributing federal political committee C		MEMO Partnership Attribution	
Name of Employer J. Peterman Catalog Occupation Owner/Founder		Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	
Election Cycle-to-Date 1,350.00			
Full Name (Last, First, Middle Initial) <b>Elaine Benes</b>		Date of Receipt 04 01 2016	
Mailing Address 229 West 81 <sup>st</sup> Street New York NY 10024		Amount of Each Receipt this Period 1,350.00	
FEC ID number of contributing federal political committee C		MEMO Partnership Attribution	
Name of Employer J. Peterman Catalog Occupation Senior Editor		Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	
Election Cycle-to-Date 1,350.00			

- Report total from partnership
- Use memo entries for individual partners



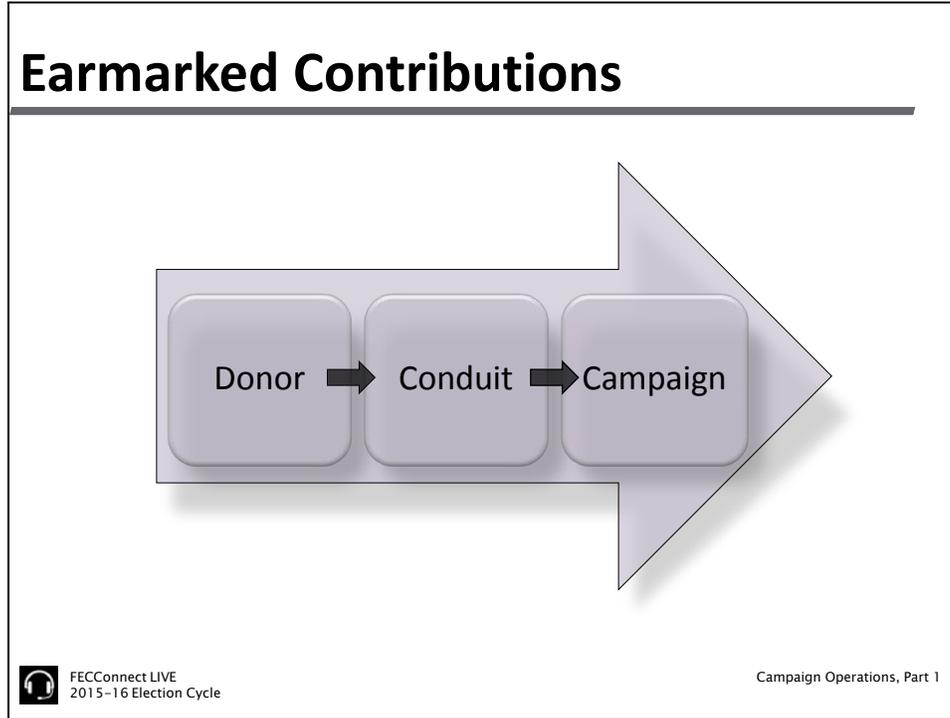
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2015-16 Election Cycle

Campaign Operations, Part 1

## D. Reporting Partnership Contributions

1. Itemized on Schedule A for Line 11(a)(i).
2. The campaign reports the contribution from entity (partnership/LLC) and includes notation in the Receipt this Period box indicating, "See partnership attribution below."
3. Use MEMO entries to indicate attribution to partners/members that aggregate over \$200 for the election cycle. Do NOT add them again to the totals.

III. Earmarked Contributions – (11 CFR 110.6); (*Guide*, Appendix A, pp. 129-132)



- A. **Definition:** A contribution to a candidate which the contributor directs (either orally or in writing) through an intermediary or conduit.

## Earmarked Contributions

**Conduit:** anyone who receives and forwards an earmarked contribution to a candidate

Except . . .

- Employees/full time volunteers of campaign
- Authorized fundraisers
- Affiliated committees of the campaign
- Commercial fundraising firms

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2015-16 Election Cycle

Campaign Operations, Part 1

**B. Conduit/Intermediary**

1. Anyone who receives and forwards an earmarked contribution to a candidate. This includes individuals, political committees, unregistered committees and partnerships.
2. Persons not considered conduits include:
  - a) Corporations, unions and other prohibited sources;
  - b) Employees or full time volunteers working for campaign committee;
  - c) Individuals expressly authorized to raise money on behalf of the candidate;
  - d) Committees affiliated with campaign committee; and
  - e) Commercial fundraising firms retained by campaign committee.

**C. Effect on Contribution Limits**

1. An earmarked contribution counts against the contributor's limit for the recipient candidate.
2. Conduit limit is affected when the conduit exercises direction or control over the contributor's choice of recipient candidate.

## Earmarked Contributions

### Procedures:

- ▣ Contribution must be:
  - Forwarded to campaign within 10 days of conduit's receipt
- ▣ Conduit must:
  - Provide campaign with contributor information for FEC report

**D. Transmittal to Campaign**

1. The conduit must forward an earmarked contribution to the recipient campaign committee within 10 days of receiving the contribution.
2. Campaign should receive transmittal report from conduit containing the contributor information needed to disclose on FEC report.

**SCENARIO #3**      *Earmarked Contributions (Guide, Appendix A, pp. 129-132)*

*As the April 26, 2016, primary election day approaches, Candidate Kramer makes a number of solicitation calls to his loyal contributors. In response to his call, David Puddy and his friend, Tim Whatley (who lives around the corner at 715 West 79<sup>th</sup> Street, New York, NY 10024), invite a group of friends over to David's apartment on April 4th to celebrate the first day of baseball season and drum up support for Kramer's re-election campaign while watching the Mets v. Phillies game at David's Manhattan apartment.*

*During the 7<sup>th</sup> Inning Stretch, David begins a discussion about Candidate Kramer and in response a number of guests break out their checkbooks to make contributions. Since no campaign representatives were at the event, one of the attendees, Art Vandelay, decides to collect the checks and forward them to the campaign. Most of the checks were for \$50, except for one from Mickey Abbott who wrote a check for \$250. In order to get the money to the campaign before the election, Art takes a walk to the Kramer Campaign Office and hand-delivers the envelope of checks to Treasurer Newman on April 6, 2016.*

**1. Does the campaign disclose the receipt of an earmarked contribution as a contribution from the conduit or as a contribution from the individual? Or both?**

**2. How does the campaign disclose the receipt of earmarked contributions?**

***SCENARIO #3 – ANSWERS:***

**1. Does the committee disclose the receipt of an earmarked contribution as a contribution from the conduit, a contribution from the individual donors or both?**  
Only as a contribution from the individual(s). In this scenario, Art Vandelay is acting as a conduit. Since the decision to make the contribution to the candidate was independently made by the individual contributors, not under the direction or control of Mr. Vandelay, it is treated as a contribution only from the individual(s), not affecting the conduit's limits.

**2. How does the committee disclose the receipt of earmarked contributions?**

- **Report itemized contribution from individual(s)** on Schedule A for Line 11(a)(i). The Date of Receipt is the date the conduit received the money from the contributors, in this case the date of the event. The itemization should also include a notation in the Receipt This Period box indicating, "Earmarked through Art Vandelay." All of the smaller contributions of \$50 do not require itemization, but the value should be included in the total amount of unitemized contributions reported on Line 11(a)(ii).
- **Report the receipt from conduit** on Schedule A for Line 11(a)(i) as a MEMO entry. The Date of Receipt is the date the campaign received the funds from the conduit; itemization should also include a notation in the Receipt This Period box indicating "Total earmarked through conduit."

***See Reporting Example on Next Page***

## Form 3: Schedule A, Line 11(a)(i)

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		FOR LINE NUMBER	PAGE	OF
Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c
		<input type="checkbox"/> 11d	<input type="checkbox"/> 11e	<input type="checkbox"/> 11f
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>				
Full Name (Last, First, Middle Initial) <b>A. Mickey Abbott</b>		Date of Receipt <b>04 / 04 / 2016</b>		
Mailing Address <b>460 Columbus Avenue</b>		Amount of Each Receipt this Period <b>250.00</b>		
City State Zip Code <b>New York NY 10024</b>		Earmarked through <b>Art Vandelay</b>		
FEG ID number of contributing federal political committee. <b>C</b>		Name of Employer <b>Kramercia Industries</b>		
Occupation <b>Executive Assistant</b>		Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Election Cycle-to-Date <b>250.00</b>				
Full Name (Last, First, Middle Initial) <b>B. Art Vandelay</b>		Date of Receipt <b>04 / 06 / 2016</b>		
Mailing Address <b>460 West End Avenue, Suite 2500</b>		Amount of Each Receipt this Period <b>1,800.00</b>		
City State Zip Code <b>New York NY 10024</b>		Earmarked through <b>MEMO</b>		
FEG ID number of contributing federal political committee. <b>C</b>		Total earmarked through conduit: limit not affected		
Name of Employer <b>Vandelay Industries</b>		Occupation <b>Importer/Exporter</b>		
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		Election Cycle-to-Date <b>1,800.00</b>		

Both entries relate to a single receipt



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2015-16 Election Cycle

Campaign Operations, Part 1

### Key issues:

- The date of receipt may be different for the conduit and the contributor(s).
- Use MEMO entry if the amount of earmarked contributions passed on by the conduit exceeds \$200 over the election cycle.
- The conduit's contribution limit is affected if the conduit exercises direction or control over the choice of candidate. Please note that if the conduit's limit is affected, the conduit must tell the campaign.

## Lobbyist Bundling

- ☐ Bundled or Earmarked?
  - Intermediary of a bundled contribution must be a Lobbyist / Registrant / PAC
  - Two Types of Bundled Contributions
    - ☐ Forwarded by Lobbyist
    - ☐ Received by campaign, Lobbyist given credit for raising \$\$
- ☐ Additional Disclosure on Form 3L  
Required if Lobbyist forwards, or is credited with raising > \$17,600 during a covered period
- ☐ Form 3 and 3L Filed Simultaneously  
When reviewing receipts at end of period, also examine bundling activity to determine if additional disclosure is necessary



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2015-16 Election Cycle

Campaign Operations, Part 1

### IV. Disclosure of Contributions Bundled by Lobbyists/Registrants and Lobbyist/Registrant PACs – (11 CFR 104.22); (*Guide*, Appendix F, pp. 161-167)

#### A. Basic Rule

Generally, to be a *bundled contribution*, the intermediary between the contributor and recipient campaign committee must be a *lobbyist, registrant or lobbyist registrant PAC*.

#### 1. Determining Whether a Person is Known to be a Lobbyist/Registrant or Lobbyist/Registrant PAC

- a) **Lobbyist/Registrant.** At the time the contribution is forwarded or received determine if the person is:
  - (1) Listed as current registrant under section 4(a) of the Lobbying Disclosure Act of 1995 (the LDA); or
  - (2) An individual listed on a current registration filed under Section 4(b)(6) or current report filed under Section 5(b)(2)(C) of the LDA.
- b) **Lobbyist/Registrant PAC.** At the time the contribution is forwarded or received determine if the committee is:
  - (1) Identified as a lobbyist/registrant PAC on its FEC Form 1 (Statement of Organization); or
  - (2) Listed as a political committee established or controlled by a lobbyist or registrant on a report filed under Sec. 203(a) of HLOGA, amending the LDA.

- c) **Consult the websites maintained by:**
  - (1) Clerk of the House: <http://clerk.house.gov>
  - (2) Secretary of the Senate:  
[http://www.senate.gov/pagelayout/legislative/g\\_three\\_sections\\_with\\_teasers/lobbyingdisc.htm](http://www.senate.gov/pagelayout/legislative/g_three_sections_with_teasers/lobbyingdisc.htm)
  - (3) FEC: <http://www.fec.gov>
- d) **Proof of Calculated Search**

Computer printout or screen capture showing absence of person's name on the Senate, House or FEC websites may be used to demonstrate reporting committee's efforts to determine if person in question is a lobbyist/registrant or lobbyist/registrant PAC.  
See 11 CFR 104.22(b)(2)(ii)

## B. "Bundled" Contributions

### 1. Forwarded Contribution

Contribution (monetary or in-kind) delivered or transmitted by physical or electronic means to campaign committee by lobbyist/registrant or lobbyist/registrant PAC or by any person the reporting committee knows to be acting on behalf of a lobbyist/registrant or lobbyist/registrant PAC.

### 2. Received and Credited Contribution

Contribution (monetary or in-kind) received by campaign committee from contributor and credited by campaign to a lobbyist/registrant or lobbyist/registrant PAC through records, designations, or other means of recognizing that money has been raised by the lobbyist/registrant or lobbyist/registrant PAC.

#### a) **Track or Give Credit for Contributions: Records**

Written evidence (i.e., computer files, databases) that the campaign attributes contributions received by campaign as raised by a lobbyist/registrant/PAC.

#### b) **Track or Give Credit for Contributions: Designations or Other Means of Recognizing.**

Benefits given by the campaign to persons for raising a certain amount of contributions including, but not limited to:

- (1) **Titles** assigned by the campaign;
- (2) **Tracking identifiers** assigned by the campaign for the purpose of maintaining information about the amount of contributions the person raises;
- (3) **Access** (includes offers or attendance) to campaign events or activities; and
- (4) **Mementos** given by the campaign (e.g. photos with the candidate or autographed copies of books authored by candidate).

### 3. What is NOT a "Bundled" Contribution?

Personal funds contributions from lobbyists/registrants or spouses of individual lobbyists/registrants; and contributions made by lobbyist/registrant PAC from its own PAC funds.

**C. Disclosure of Lobbyist Bundling Activity**

**1. 2015 Disclosure Threshold = \$17,600**

Campaign committees that receive two or more bundled contributions from a lobbyist/registrant or lobbyist/registrant PAC aggregating in excess of \$17,600 during a specific *covered period* are required to disclose activity on FEC Form 3L.

**2. Bundled Contributions Disclosed on Form 3L**

Form 3L is filed on the same quarterly schedule, simultaneously with Form 3. Additional semi-annual covered period disclosure for report due in July (July Quarterly or pre-election report, if applicable) and January (Year-End Report).

**3. FEC Form 3L**

Campaigns must also file a semi-annual report for any semi-annual period for which they filed a quarterly report.

a) **Example.** A campaign that filed an April Quarterly 3L Report but did not trigger the 3L filing requirement during the July Quarterly period would not be responsible for filing a July Quarterly 3L Report, but would be responsible for filing a Mid-Year Semi-Annual 3L Report to reflect its bundled contributions during the January 1 through June 30 covered period.

b) **Form 3L and Instructions:**

<http://www.fec.gov/pdf/forms/fecfrm3l.pdf> and  
<http://www.fec.gov/pdf/forms/fecfrm3l.pdf>

**D. Has My Campaign Triggered Disclosure of Bundled Contributions?**

To determine whether your campaign triggers disclosure under these rules, ask the following three questions:

1. Does the campaign receive forwarded contributions or give credit to fundraisers for contributions they raise?
2. If so, are contributions forwarded by, or does campaign give credit to, persons that qualify as lobbyists/registrants or lobbyist/registrant PACs?
3. If so, does the amount forwarded by, or credited to, a lobbyist/registrant or lobbyist/registrant PAC exceed \$17,600 during the covered period?

If the answer to all three questions is yes, then the campaign committee must file a Form 3L.

## SUPPORT FROM THE CANDIDATE

### Objectives – Part 1

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- ▣ Review Contribution Basics
- ▣ Evaluate Methods for Curing Excessive Contributions
- ▣ Discuss Contributions with Tricky Reporting
- ▣ **Identify Ways the Candidate May Support the Campaign**

### Candidate Support

---

- ▣ Unlimited Personal Funds
- ▣ ½ Jointly Held Assets
- ▣ Contributions vs. Loans
  - Both unlimited from personal funds
  - Loans can be repaid, contributions cannot



**I. Personal Funds** (*Guide*, pp. 15, 29-30)

**A. Unlimited**

Candidate may spend unlimited personal funds on his/her campaign.

**B. Personal Funds Defined**

Assets that the candidate had legal right of access to, or control over, or equitable interest in, prior to candidacy, including:

1. Salary.
2. Other earned income. See AO 2006-13.
3. Dividends from stock.
4. Sale of stock or investments.
5. Income from trusts established before candidacy.
6. Bequests to candidate (even after candidacy).
7. Winnings from lotteries or games of chance.
8. Gifts of cash or other assets, but **only if** customarily received prior to candidacy.

**C. Application to Spouse** (*Guide*, pp. 14-15, 17)

1. **Limit: \$2,700/election** (indexed) – same as other individuals.
2. Candidate may use a portion of assets (normally 50%) jointly owned with his or her spouse, without contribution from spouse resulting.

**II. Loans from the Candidate** (*Guide*, pp. 14-15, 30, 36, 91-92, 108-112)

**A. Loan = Contribution**

Considered a contribution; as such, has no limit. However, amount disclosed as loan can be repaid, contributions cannot. See AO 2008-09.

**B. Source of Loan Funds**

1. Candidate's own personal funds.
2. Candidate uses funds obtained through a personal loan from a lending institution, funds derived from an advance on their brokerage account, credit card or other line of credit.

## Candidate Support

### Repayment of Candidate Loans

- ▣ Using contributions made *before* election
  - May repay entire amount
  
- ▣ Using contributions made *after* election
  - May repay no more than \$250,000
  - Amount in excess of \$250,000 = contribution

- C. **Repayment of Personal Loans from Candidate** (*Guide*, pp. 29-30, 51)
1. For personal loans from the candidate (including advances or candidate-endorsed bank loans) to his or her authorized committee that aggregate more than \$250,000, the following rules apply:
    - a) Campaign committee may use contributions to repay the candidate for the entire amount of the loan or loans only if those contributions were made on or before the day of the election; and
    - b) Committee may use contributions to repay the candidate only up to \$250,000 from contributions made after the date of the election.
    - c) If committee uses the amount of cash-on-hand as of the date of the election to repay the candidate for loans in excess of \$250,000, then it must:
      - (1) Do so within 20 days of the election; and
      - (2) Treat the portion of candidate loans that exceed \$250,000, minus the amount of cash-on-hand as of the day after the election as a contribution by the candidate.
  2. See AOs 2008-22 and 2008-09 (still in effect even though Millionaires' Amendment is not).

## Candidate Support

### Transfers

- ❌ Nonfederal Campaign to PCC - PROHIBITED
- ✅ From Prior Fed. Campaign in Different Cycle
  - Unlimited
  - No aggregation of contributor limits

### III. Transfers from Candidate's Other Campaigns (*Guide*, Chapter 9, pp. 59-61)

- A. **From Candidate's State or Local Campaign** (11 CFR 110.3(d))  
Prohibited.
- B. **From Candidate's Prior Federal Campaign in Different Cycle**  
(11 CFR 110.3(c)(4))  
Unlimited, without aggregation of contributor limits. See AOs 1996-52 and 1980-30.

## Candidate Support

### Transfers

- ✓ From Candidate's Campaign for Different Office
  - In the Same/Overlapping Election Cycle
    - Set up separate committee
    - No transfers while actively seeking more than one office
    - Aggregation of contributor limits
  - In Different Cycles
    - Unlimited
    - No aggregation

- C. From Candidate's Federal Campaign for Different Office in Same or Overlapping Cycle – (11 CFR 110.3(c)(5))**
1. Prohibited while actively seeking more than one office.
  2. When no longer actively seeking two offices, permitted, but contributor limits are aggregated.
  3. See AOs 1984-38, 1982-01 and 1978-19.
- D. Separate Accounts and Organizations Required.**  
Required for each campaign for different office.

**SCENARIO #4: Candidate Loans** (Guide, pp. 91, 108-112)

*On April 3, 2016, Candidate Cosmo Kramer generously dips into his “rainy-day” savings account and contributes \$10,000 to his campaign committee to give his primary re-election campaign a last push before the primary. He indicates, however, that once money from other contributors comes in, he wishes to be paid back in full, no matter how long it may take, and will not charge the committee any interest.*

*Successful in the primary, however, concerned about the lack of money coming into the campaign for the general, on October 1, 2016, Candidate Kramer decides to loan the campaign an additional \$50,000 – this time the funds were derived from a loan he took out from Chemical Bank. The bank charges the candidate 12.5% interest on the loan. However, the candidate decides not to charge as much interest to the committee and loans the money to the campaign at an interest rate of 9.5%.*

*After visiting their son, George, who is friends with Congressman Kramer, Frank and Estelle Costanza stop by and contribute \$2,700 each towards Candidate Kramer’s primary. With a new confidence in their fundraising plan in the coming months, the campaign repays Candidate Kramer \$4,000 of his loan on October 10, 2016. (Note: payment consists of \$3,650 principal payment and \$350 interest payment).*

- 1. Should the committee disclose the personal funds loan? If so, how should the committee disclose it?**
- 2. Are the reporting requirements any different for Candidate Kramer’s \$50,000 loan to the committee funded from a loan he took out from a lending institution?**
- 3. How is the committee’s loan repayment to the candidate disclosed?**

**SCENARIO #4 – ANSWERS:**

**1. Should the committee disclose the personal funds loan? If so, how should the committee disclose it?**

The term “loan” is contained in the definition of contribution, and as such, the personal funds loan from Candidate Kramer should be disclosed as both a contribution on Schedule A and as a loan on Schedule C.

- **Report the loan as a contribution** on Schedule A for Line 13(a). The Date of Receipt is the date the money is received by the campaign committee; itemization should include notation in Receipt This Period box indicating “personal funds.”

## Part 1 of 2: Report Receipt as Contribution (July Q)

### Form 3: Schedule A, Line 13(a)

<b>SCHEDULE A (FEC Form 3)</b> <b>ITEMIZED RECEIPTS</b>	Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER PAGE OF (check one) 11a 11b 11c 11d 12 <input checked="" type="checkbox"/> 13a 13b 14 15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>		
Full Name (Last, First, Middle Initial) <b>A. Cosmo Kramer</b>		Date of Receipt 04 / 03 / 2016
Mailing Address <b>129 West 81<sup>st</sup> Street Apt. 5B</b>		Amount of Each Receipt this Period <b>10,000.00</b>
City State Zip Code <b>New York NY 10024</b>		
FEC ID number of contributing federal political committee. C		<b>personal funds</b>
Name of Employer <b>Kramerica Industries</b>	Occupation <b>Founder</b>	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Election Cycle-to-Date <b>10,000.00</b>	



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2015-16 Election Cycle

Campaign Operations, Part 1

- **Report terms of the loan** on Schedule C for Line 13(a). The Loan Source is the candidate. Itemization should also include notation indicating “personal funds.” Note that the committee will continuously report the loan on Schedule C until loan is fully repaid.

*See Reporting Example on Next Page*

## Part 2 of 2: Report Receipt as Loan (July Q)

### Form 3: Schedule C, Line 13(a)

SCHEDULE C (FEC Form 3) <b>LOANS</b>		Use separate schedule(s) for each category of the Detailed Summary Page	PAGE OF FOR LINE NUMBER: (check only one) <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 13b
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>			
LOAN SOURCE Full Name (Last, First, Middle Initial) <b>Cosmo Kramer – personal funds</b>		Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	
Mailing Address <b>129 West 81<sup>st</sup> Street Apt. 5B</b>			
City <b>New York</b> State <b>NY</b> ZIP Code <b>10024</b>			
Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period	
<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>	
TERMS			
Date Incurred	Date Due	Interest Rate	Secured:
<b>04 03 2016</b>	<b>None</b>	<b>None</b> % (apr)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
List All Endorsers or Guarantors (if any) to Loan Source			
1. Full Name (Last, First, Middle Initial)		Name of Employer	
Mailing Address		Occupation	
City State ZIP Code		Amount Guaranteed	



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Campaign Operations, Part 1

*Successful in the primary, however, concerned about the lack of money coming into the campaign for the general, on October 1, 2016, Candidate Kramer decides to loan the campaign an additional \$50,000 – this time the funds were derived from a loan he took out from Chemical Bank. The bank charges the candidate 12.5% interest on the loan. However, the candidate decides not to charge as much interest to the committee and loans the money to the campaign at an interest rate of 9.5%.*

**2. Are the reporting requirements any different for Candidate Kramer’s \$50,000 loan to the committee funded from a loan he took out from a lending institution?**

Yes. In addition to the disclosures on Schedules A & C (as noted above), the campaign committee must also submit Schedule C-1 to disclose the loan agreement between the lending institution and the candidate. Schedule C-1 also includes description/value of collateral used (if any), and requires the signature of an approving official from the bank.

*See Reporting Example on Next Page*

## Part 1 of 2: Report Receipt as Contribution (Pre-G Report)

### Form 3: Schedule A, Line 13(a)

<b>SCHEDULE A (FEC Form 3)</b> <b>ITEMIZED RECEIPTS</b>		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one) <input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 12 <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>			
Full Name (Last, First, Middle Initial) <b>A. Cosmo Kramer</b>		Date of Receipt <b>10 / 01 / 2016</b>	
Mailing Address <b>129 West 81<sup>st</sup> Street Apt. 5B</b>		Amount of Each Receipt this Period <b>50,000.00</b>	
City <b>New York</b>	State <b>NY</b>	Zip Code <b>10024</b>	Loan from Bank
FEC ID number of contributing federal political committee. <b>C</b>		Name of Employer <b>Kramerica Industries</b>	
Name of Employer <b>Kramerica Industries</b>		Occupation <b>Founder</b>	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		Election Cycle-to-Date <b>60,000.00</b>	



Campaign Operations, Part 1

## Part 1 of 2: Report Receipt as Loan (Pre-G Report)

### Form 3: Schedule C, Line 13(a)

<b>SCHEDULE C (FEC Form 3)</b> <b>LOANS</b>		Use separate schedule(s) for each category of the Detailed Summary Page	PAGE OF FOR LINE NUMBER: (check only one) <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 13b
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>			
LOAN SOURCE Full Name (Last, First, Middle Initial) <b>Cosmo Kramer (Loan from Bank)</b>		Election: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	
Mailing Address <b>129 West 81<sup>st</sup> Street Apt. 5B</b>		Original Amount of Loan <b>50,000.00</b>	
City <b>New York</b>	State <b>NY</b>	ZIP Code <b>10024</b>	Cumulative Payment To Date <b>0.00</b>
Date Incurred <b>10 / 01 / 2016</b>		Date Due <b>01 / 31 / 2018</b>	Balance Outstanding at Close of This Period <b>50,000.00</b>
Interest Rate <b>9.5 % (apr)</b>		Secured: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	



Campaign Operations, Part 1

Note that terms disclosed on Schedules C and C-1 may differ.

- (1) Candidate may use different terms than the bank (including no repayment conditions).
- (2) Lending institution must have terms offered in the normal course of business.

## Part 1 of 2: Loan Agreement (Pre-G Report)

SCHEDULE C-1 (FEC Form 3) LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS		Supplementary for Information found on Page ____ of Schedule C	
Federal Election Commission, Washington, D.C. 20463			
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>		FEC IDENTIFICATION NUMBER <b>C 00320000</b>	
LENDING INSTITUTION (LENDER) Full Name <b>Chemical Bank</b>	Amount of Loan <b>50,000.00</b>	Interest Rate (APR) <b>12.5 %</b>	
Mailing Address <b>120 West 81<sup>st</sup> Street</b>	Date Incurred or Established <b>10 01 2016</b>	Date Due <b>01 31 2018</b>	
City <b>New York</b>	State <b>NY</b>	Zip Code <b>10024</b>	
A. Has loan been restructured? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, date originally incurred			
B. If line of credit, Amount of this Draw: _____ Total Outstanding Balance: _____			
C. Are other parties secondarily liable for the debt incurred? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Endorsers and guarantors must be reported on Schedule C.)			
D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes If yes, specify: <b>Real estate</b>		What is the value of this collateral? <b>250,000.00</b>	
E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify: _____		Does the lender have a perfected security interest in it? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes What is the estimated value? <b>0.00</b>	
A depository account must be established pursuant to 11 CFR 100.82(e)(2) and 100.142(e)(2). Date account established: _____		Location of account: Address: _____ City, State, Zip: _____	
F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.			

### Form 3: Schedule C-1

Loan Agreement:  
outlines loan terms between the Bank & Candidate



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*After visiting their son, George, who is friends with Congressman Kramer, Frank and Estelle Costanza stop by and contribute \$2,700 each towards Candidate Kramer's primary. With a new confidence in their fundraising plan in the coming months, the campaign repays Candidate Kramer \$4,000 of his loan on October 10, 2016. (Note: payment consists of \$3,650 principal payment and \$350 interest payment).*

### 3. How is the committee's loan repayment to the candidate disclosed?

If payment is applied to the principal AND interest balances, the committee may use one check, but must break out each part and disclose them separately. Payment towards the principal balance is shown as a loan repayment, and payments toward interest are reported as operating expenditures. Note that principal repayments must also be continuously reported on Schedule C for each reporting period.

- **Report principal payment** on Schedule B for Line 19(a); itemization should include notation in Purpose of Disbursement box indicating, “candidate loan repayment – personal funds.”
- **Report interest payment** on Schedule B for Line 17; itemization should include a notation in Purpose of Disbursement box indicating, “interest payment on candidate loan.”

## Part 2 of 2: Report Loan Payment as Disbursement (Pre-G Report)

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### Principal – Form 3: Schedule B, Line 19(a)

<b>SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS</b>	Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF	
		<input type="checkbox"/> 17 20a	<input type="checkbox"/> 18 20b	<input checked="" type="checkbox"/> 19a 20c	<input type="checkbox"/> 19b 21

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**NAME OF COMMITTEE (in Full)**  
**Committee to Elect Cosmo Kramer**

Full Name (Last, First, Middle Initial)  
**A. Cosmo Kramer**

Date of Disbursement  
**10 / 10 / 2016**

Mailing Address  
**129 West 81st Street Apt. 5B**

City **New York** State **NY** Zip Code **10024**

Amount of Each Disbursement this Period  
**3,650.00**

Purpose of Disbursement  
**Loan Payment - Candidate Loan from Bank**

Candidate Name  
**Cosmo Kramer**

Office Sought:  House  Senate  President  
Disbursement For:  Primary  General  Other (specify)

State: **NY** District: **8**

### Interest – Form 3: Schedule B, Line 17

<b>SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS</b>	Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF	
		<input checked="" type="checkbox"/> 17 20a	<input type="checkbox"/> 18 20b	<input type="checkbox"/> 19a 20c	<input type="checkbox"/> 19b 21

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

**NAME OF COMMITTEE (in Full)**  
**Committee to Elect Cosmo Kramer**

Full Name (Last, First, Middle Initial)  
**A. Cosmo Kramer**

Date of Disbursement  
**10 / 10 / 2016**

Mailing Address  
**129 West 81st Street Apt. 5B**

City **New York** State **NY** Zip Code **10024**

Amount of Each Disbursement this Period  
**350.00**

Purpose of Disbursement  
**Interest Payment on Bank Loan**

Candidate Name  
**Cosmo Kramer**

Office Sought:  House  Senate  President  
Disbursement For:  Primary  General  Other (specify)

State: **NY** District: **8**

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2015-16 Election Cycle
Campaign Operations, Part 1

*Reporting Example Continues on Next Page*

## Part 2 of 2: Report Loan Payment (Pre-G Report)

### Form 3: Schedule C, Line 13(a)

<b>SCHEDULE C (FEC Form 3)</b> <b>LOANS</b>		Use separate schedule(s) for each category of the Detailed Summary Page	PAGE _____ OF _____ FOR LINE NUMBER: (check only one) <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 13b
NAME OF COMMITTEE (In Full) <b>Committee to Elect Cosmo Kramer</b>			
LOAN SOURCE Full Name (Last, First, Middle Initial) <b>Cosmo Kramer (Loan from Bank)</b>		Election: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) _____	
Mailing Address <b>129 West 81<sup>st</sup> Street Apt. 5B</b>			
City <b>New York</b> State <b>NY</b> ZIP Code <b>10024</b>			
Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period	
<b>50,000.00</b>	<b>3,650.00</b>	<b>46,350.00</b>	
<b>TERMS</b>			
Date Incurred	Date Due	Interest Rate	Secured:
<b>10</b> / <b>01</b> / <b>2016</b>	<b>01</b> / <b>31</b> / <b>2018</b>	<b>9.5</b> % (apr)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
List All Endorsers or Guarantors (if any) to Loan Source			
1. Full Name (Last, First, Middle Initial)		Name of Employer	
Mailing Address		Occupation	
State and ZIP Code		Amount Guaranteed	



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#### Key issues:

- If the candidate wishes to be paid back, be sure to report the receipt as a loan on the *first report* disclosing the receipt.
- **Tips for a Personal Funds Loan**
  - Use both Schedules A for Line 13(a) and Schedule C for Line 13(a).
  - Don't forget loan terms. Terms of a loan from the candidate's personal funds (no lending institution involved) may be more flexible. If there is no interest or due date, don't leave boxes blank, enter "none" or "n/a."
  - Include notations on both Schedules A & C indicating "personal funds."
  - When the candidate forgives a loan, the committee should file a letter signed by the candidate stating that the loan is forgiven – for both paper and electronic filers.
- **Tips for a Candidate Loan from Lending Institution**
  - When the candidate obtains a loan from the bank and then loans those funds to the campaign, report using Schedule A for Line 13(a), Schedule C for Line 13(a), and Schedule C-1.

- Don't forget to include loan terms. Often terms on C-1 and C will differ. The candidate is able to use different terms than the bank (including no repayment conditions). The bank must have terms offered in the normal course of business.
- Remember to include notations – i.e., “home equity line of credit.”
- Candidate may charge the campaign an interest rate on a loan derived from a bank that is different from what the bank charges the candidate.
- When disclosing repayment on this type of loan, principal campaign committee (PCC) may issue repayment to candidate or to the bank. Reflect payment on Schedules B and C. On Schedule B, break out payments towards principal and interest separately – disclosed on different line numbers: Line 19(a) for principal payments and Line 17 for interest payments.
- Loans made by a lending institution directly to the committee should be reported on Schedules A and C for Line 13(b) and Schedule C-1. Repayments on these loans should be reported on Schedule B for Line 19(b) for principal payments and Schedule B for Line 17 for interest payments, as well as reflected on Schedule C.

## Workshop Evaluation

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*Help Us Help You!*

Please complete an evaluation  
of this workshop.

**Workshop Evaluation:** <https://www.surveymonkey.com/r/TZZR3GT>